

REMARKS

We note with appreciation the Examiner's confirmation of the withdrawal of all of the prior rejections.

We respectfully submit that sol<sup>o</sup>cited Claim 30-58 are patentable over Barrameda et al. in view of Hartt et al. (WO94/04979) or Hardesty (U.S. Patent No. 6,592,030). We respectfully note that both the Barrameda and Hardesty patents issued after the filing of the instant application. We respectfully submit that the Barrameda and Hardesty references are not prior art to the claimed invention. In support thereof, we submit herewith the Declaration of Richard Palmeri demonstrating that he invented the subject matter of the claimed invention in this country prior to the effective filing date of both the Barrameda and Hardesty patents.

We further respectfully submit that Hartt et al. do not teach or suggest the claimed invention. Hartt et al. disclose a purchaser rebate system with investment plan as an alternate to advertising (Page 2, lines 5-6.) In the Hartt system, subscriber information about the vendor transaction is used by processor 1 to calculate a rebate amount, which may be sent to an investment vehicle or held in an escrow account.

However, Hartt et al. do not teach or suggest electronically distributing at least a portion reallocated from the transaction amount from a user account to a vendor account using at least one electronic system; and electronically distributing the portion reallocated from the transaction amount from the vendor account to a user trust account using at least one electronic system – as in the claimed invention. In the system disclosed in Hartt et al., there is no transfer from a user account to a vendor account, nor a transfer from a vendor account to a user trust account.

In addition, Hartt et al. do not teach or suggest electronically receiving at least a portion reallocated from the transaction amount from the vendor to the user account. In Hartt et al., the subscriber transaction information is transferred after the transaction, such as by using written records, magnetic files, or electronic data transfer. Thereafter, the processor calculates the rebate amount and has these funds transferred to the investment. (Page 3, lines 1-21.)

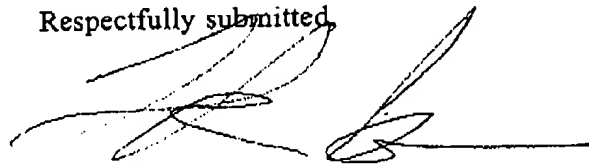
However, Hartt et al. are silent as to how the transaction amount is passed from the subscriber (user) to the vendor, and from the vendor to the escrow account. In sharp contrast to

Hartt et al. the claimed invention electronically reallocates a portion of the transaction amount to the investment proximate in time to the transaction. This is not taught or suggested in the Hartt reference.

Accordingly, we respectfully request that the rejection under 25 U.S.C. 103(a) be withdrawn.

For the reasons set forth above, we respectfully submit that the solicited claims are now in proper condition for prompt allowance, which action is respectfully requested.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Frank A. Cona', written over a horizontal line.

Frank A. Cona  
Reg. No. 38,412

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Appln of:	PALMERI	Attorney Docket: 1029-03
Title:	SYSTEM FOR ELECTRONIC RE-ALLOCATION OF A TRANSACTION AMOUNT TO AN INVESTMENT	
Serial No.:	09/578,085	Art Unit: 3628
Filed:	May 24, 2000	Examiner: Poinvil, Frantzy

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Mail Stop: Amendment  
Commissioner for Patents  
PO Box 1450  
Alexandria, VA 22313-1450

Sir:

**DECLARATION OF RICHARD PALMERI**

I, Richard Palmeri, hereby declare the following.

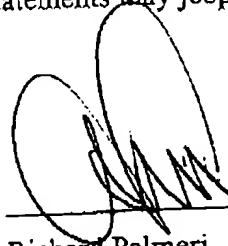
1. I reside in North Palm Beach, Florida, and am the inventor of the subject matter claimed in the above-identified U.S. Patent Application.
2. I conceived, and acted diligently in reducing to practice, the subject matter claimed in the above-identified patent application from prior to July 17, 1998 until the present.
3. Enclosed herewith is a copy of a "CONFIDENTIAL EXECUTIVE SUMMARY" sent by me to Charles Hamm of Independence Savings Bank on November 1, 1996. This document set forth the claimed invention.
4. Also enclosed herewith is a copy of another "CONFIDENTIAL EXECUTIVE SUMMARY" dated May 28, 1998 prepared and distributed by me to individuals in the financial industry. This document also sets forth the claimed invention.
5. These sample documents, and others, were prepared and distributed by me to various individuals in the financial industry from 1996 until the present.
6. The above-identified documents illustrate my conception and diligence in reducing to practice of each and every aspect of the invention set forth in the solicited claims from prior to July 17, 1998 until the present.
7. The undersigned declares that all statements made herein of his own knowledge are true and that all statements made on information and belief are believed to be true; and

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further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and thus such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

06.10.04

Date



Richard Palmeri

**CONFIDENTIAL EXECUTIVE SUMMARY**

OCTOBER,1998

1 OF 3 PLUS 2 SCHEMATIC TECHNOLOGY PLANS

RECEIVED BY: CHARLES HAMM / NOVEMBER 1, 1998  
INDEPENDENCE SAVINGS BANK

PROPERTY OF: RICHARD PALMERI FOUNDER / SOLE OWNER  
THE COVE / 1218 SE 12TH AVE  
DEERFIELD BEACH, FLORIDA 33441  
954-570-9908

**KIDS BANK AND TRUST INTERNATIONAL****CONCEPT**

KBT, (KIDS BANK AND TRUST) a Bank and Trust for kids who evolve into responsible adult depositors. Managed by specialists and dedicated to the growth of capital for education and business, KBT can and will succeed in providing a mechanism for controlled savings and investment for education. The world statistics are clear as to the relative inability of individuals and families to save and invest for education. KBT in partnership with participating retail institutions (worldwide) will collaborate in order to develop and implement a system of **Planned Financial Success** for it's young depositors, while educating them about the methods and value of money.

**ORGANIZATION**

Under the umbrella of a "Lead Bank", (Independence) KBT will reach-out to retail partners, affiliate banks, government and "education" in order to fully orchestrate (through team-work) the growth and influence of our institution. KBT believes that the development-growth of this concept is limited only by the organizations vision for expansion. The foreseeable magnitude of this institution will require several layers of management, marketing and technology; all of which, will be the subject of detailed discussion and planning.

**REGULATIONS**

The principals of banking to be instituted and adhered to shall be in keeping with the laws of the International, National and State or Provincial Banking Communities in which KBT operates. More specific by-laws and principles shall be authored by the parties.

KBT intends that funds deposited are for education, and or business purposes only. That funds deposited with the "Trust" are only released to the depositor and only available to parents or guardians under "special" circumstances. All fund releases are made through specially trained account managers who also act as advisors to our depositors.

**METHODS**

The essential method of banking within the KBT organization will rely heavily on technology. Specially designed and encrypted "cards" will be issued to depositors. All cards will bear particular "coding" and work automatically and interactively with the retail participant and the local KBT. Retailers such as Barnes & Nobel, Disney, McDonalds, Foot Locker and others could apply to KBT for "Icon Cards" these might carry a slightly higher participation rate while also offering special discounts or other incentives. What if, when you bought your next family car, the dealer participated in your child's education. This writer believes that the "Big-Three" might well embrace this concept. A percentage of phone or internet line charge is not out of the question.

RICHARD PALMERI

**CONFIDENTIAL MEMO****KIDS  
BANK AND TRUST  
INTERNATIONAL**

"KBT" : A Bank and Trust for kids, managed by specialists and committed to education; the education of banking savings and credit as well as capital management of funds destined exclusively for use by the "Teen" for education or carefully advised alternatives.

There should be no confusion as to whether or not education is capital intensive. Far too few families save adequately for higher education. The average family is relatively unable and/or undereducated with regard to financial planning.

**AMERICAN FAMILIES**

10% at or near the poverty line  
80% little or no net worth, 8000 high interest credit card debt  
20% own equity in homes, businesses etc. not liquid and rely on 2nd mortgages for education  
6% have disposable net worth  
2% probably don't need the program but would participate

Parents and/or Guardians have no access to these funds. Only the 17 or 18 year old teen is eligible to request release of funds for education or business. All fund releases would be made under the supervision of a trust advisor. ( *special fund for special education* )

- Have specially trained bank advisors
- Make the interactive banking experience fun, secure and simple
- Issue positive I.D. bank cards. As "kids" reach certain levels, ages or milestones, their banking relationship and credit changes. "Tots" to "Teens" presents substantial opportunity to the bank as a life-time manager. The card can be issued for particular retailers with encryption of special confidential medical data for emergency.
- Cards can have special "logos" Toys R Us, Disney, Wendy's, McDonalds, Sears etc. these institutions can offer greater "Education percentage incentives"
- Major demographic planning might be possible through KBT's data.

Issues:

**ORGANIZATION**

**METHODS**

**TECHNOLOGY** (*outline or schematic of technical interactive systems*)

**INTERACTION**

**ADMINISTRATION**

**GROWTH - PROJECTIONS**

**REGULATIONS**

**TAX INCENTIVE FOR RETAILERS**

**BANK CHARTER**

**GOVERNMENT BACKING** etc.

**CURRENT DEMOGRAPHICS** (*where do kids spend their money / parents for kids*)

RP

**CONFIDENTIAL**

KBT / CONFIDENTIAL  
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## TECHNOLOGY

The back-bone of the KBT organization will be user friendly, bank and point of purchase, interactive, highly secure technology. Most of the "system" under development utilizes common components with proprietary software. Both voice response and positive I.D. modules are unique, and might well be integrated to other applications within the "Lead Bank." Relevant encrypted data re: individuals might include emergency medical information as well as "auto dial and access functions. Point of purchase (register / cash or credit ) will operate simultaneously with Kiosk and the respective KBT. Records of member transactions are uploaded to a main data-base daily. At a near-point in the development of KBT, KIDS-KREDIT can be instituted as part of a seamless system. This would be designed in such a way as to allow parents a "down-load" credit transfer. Alternatively a special debit card (throw-away) might be issued by participating banks or merchants. (see system schematic)

## INTERACTION

The institution of "KIDS-KREDIT" can provide an alternative to cash. "KK" can also be encoded for specific purchase, location and date activity. An example would be school lunch or school vending. "KK" can be further expanded to include; cinema, interactive games, Internet purchase etc. The KBT KIOSK will provide instant access to credit, fund balance, banking Q & A (education), they might even become a message board for parents and friends.

## DEMOGRAPHICS

Each transaction and attendant information is recorded and filed. This data becomes extremely important to prediction analysis and planning. Reliable demographics are both constructive and valuable. Knowing what sells where and when informs a banker as to potentials or pitfalls.

## GROWTH

From Tots to Teens, KBT presents an opportunity for the Banking Community at large to become involved, to become a life-time management partner and friend to his depositor, and later, borrower. Hopefully a collective effort will provide certain tax incentives for participating merchants who actively involve themselves with their customers by investing in their education, and therefore their future.

Richard Palmeri  
Founder.

**1ST. PIGGY™**

**CONFIDENTIAL**  
**EXECUTIVE SUMMARY**  
**6.28.98**

**CONFIDENTIAL**

Proprietary Information / maintain strict confidentiality regarding the concepts and general or specific organization information herein.

**CONTACT:**  
Richard Palmeri

**CONCEPT:**

1ST.PIGGY is a Savings Bank designed to promote long-term savings for kids, managed by specialists and dedicated to the continuous growth of capital for education and business. The 1ST. Piggy Bank can and will succeed in providing a mechanism for controlled savings and investment for education. The world statistics are clear as to the relative ability of individuals and families to save and invest in America. Moderate to low income families in America have little opportunity to save for their children's education. 1ST.Piggy in partnership with participating retail institutions and corporations (affiliates - worldwide) will collaborate in order to develop and implement a system of Planned Financial Success for it's young account holders, while at the same time educating them about the methods and values of capital and it's institutions. The concept of automatic-deposit through participating affiliates can become a tremendous resource not only for the child but for the country. Success is learned, capital is the tool that helps facilitate the process.

**ORGANIZATION:**

1ST.Piggy along with it's strategic industry partners, will reach-out to retail corporations and others (affiliates) as well as educational institutions and government in order to fully orchestrate (through team work) the growth and influence of 1ST.Piggy. We believe that the development and growth of 1ST.Piggy is limited only by it's vision for success. The foreseeable growth of 1ST.Piggy will require several layers of management, marketing, and technology. The founders believe that the potential for automatic-savings for education is international.

**GUIDING PRINCIPALS:**

The principals to be adhered to shall be in keeping with accepted American Banking Laws. More specific by-laws and principals of conduct will be drafted by the founders. 1ST.Piggy intends that the funds on deposit shall remain on deposit for purposes of education or business investment only. Funds on deposit are not available to parents or guardians. The funds will only be released to the individual child for advanced education or the state-up of a business upon graduation from high school. Funds will also be made available with the aid of account managers to those young adults who opt for alternatives such as extended trusts or IRA deposits. It is 1ST.Piggy's determination to help create a tax benefit to the affiliate as well as a tax free savings account for it's depositors.

1211 S. RAMONA AVE. INDIANLANTIC, FL 32903 PH. 407.956.1880



# 1ST PIGGY

THE 1ST STEP IN SOUND FINANCIAL TRAINING AND SAVING FOR THE FUTURE

ultimate computer systems and structures per interactive real-time software and hardware

CREDIT MAY OCCUR AT THE STORE  
OR THE PRODUCT LEVEL OR BOTH

1ST PIGGY AFFILIATES  
& STRATEGIC PARTNERS

OTHER BANKS / UNIONS

DIRECT DEPOSIT INVESTMENTS

SAVINGS RETIREMENTS  
BONDS  
SECURITIES  
other

MATURE CAPITAL  
FOR  
EDUCATION OR BUSINESS

1ST PIGGY

encrypted information

COMPUTER  
TRANSACTION  
CLEARING HOUSE  
proprietary software

1ST PIGGY / ON - LINE MESH

1ST PIGGY SHOPPING  
AFFILIATES

1ST PIGGY / NEW SAVINGS AND OR  
CREDIT CARD. CARRIES VITAL AIDS  
INFORMATION FOR EMERGENCY

smart - card & or pin - access

on-line web  
&  
direct / interactive  
financial education  
for AIDS

product and services on-line

EDUCATION / UNIVERSITY AND  
JOB PLACEMENT SERVICES

CONFIDENTIAL

1ST. PIGGY™

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**CONFIDENTIAL****METHODS:**

The essential "method" of banking at 1ST.Piggy will be electronic. Specially designed and encrypted cards will be issued to depositors for access to their accounts through kiosks conveniently located across the country. The specific electronic programs, processes and encryption techniques shall remain proprietary and secret, patented and or copyrighted as applicable. The broad application software will allow automatic deposit according to pre-arranged agreements with participating affiliates. This may apply to gross or individual purchases of goods and or services across the country. 1ST. Piggy also intends to create special programs for educational savings in cooperation with credit card issuers. (1ST.Piggy Icon Cards) 1ST.Piggy sees tremendous opportunities for saving through participation by; phone companies automobile, oil companies, supermarkets, pharmacies, toy stores, airlines, (cash bonus on miles) utility companies, fast food etc. The potential for a 1ST.Piggy Debit Card is a possibility. Through a special arrangement we may create an allowance and or phone card which any child can use for specific services approved by their parents.(special disposable or refresh cards)

**TECHNOLOGY:**

The technology under development will be user friendly ( voice or touchscreen ) actuated systems. Access to the system will be through encrypted magnetic card and or pin-code. All the hardware for the system exists and merely requires integration. The software is a proprietary system linked through standard phone line but encrypted for security. As a relatively seamless system, the up-load to master computers will be accomplished through bundling on-site, and transfer based on threshold information. The point of purchase program will be able to distinguish between variable, constant, gross or specific product percentage as contracted. Main data-base upload should be on a daily call-up basis. A verification of adjusted funds will be done automatically at the source. Kids will be able to access through a kiosk or Internet provider in order to receive real time financial education tips or account information.

**INTERACTION:**

1ST.Piggy is currently researching the potential for "KIDS KREDIT" This unique service could provide a series of credit or debit card mechanisms. An alternative to cash "KK" might also be coded for specific purchases, dates or locations. School lunch, allowance, phone, bus, etc. The KIOSK can provide; instant access, credit balance, a parent or kid bulletin board or Q & A's. The 1ST.Piggy Kiosk may also be an ATM on campus, or other strategic locations.

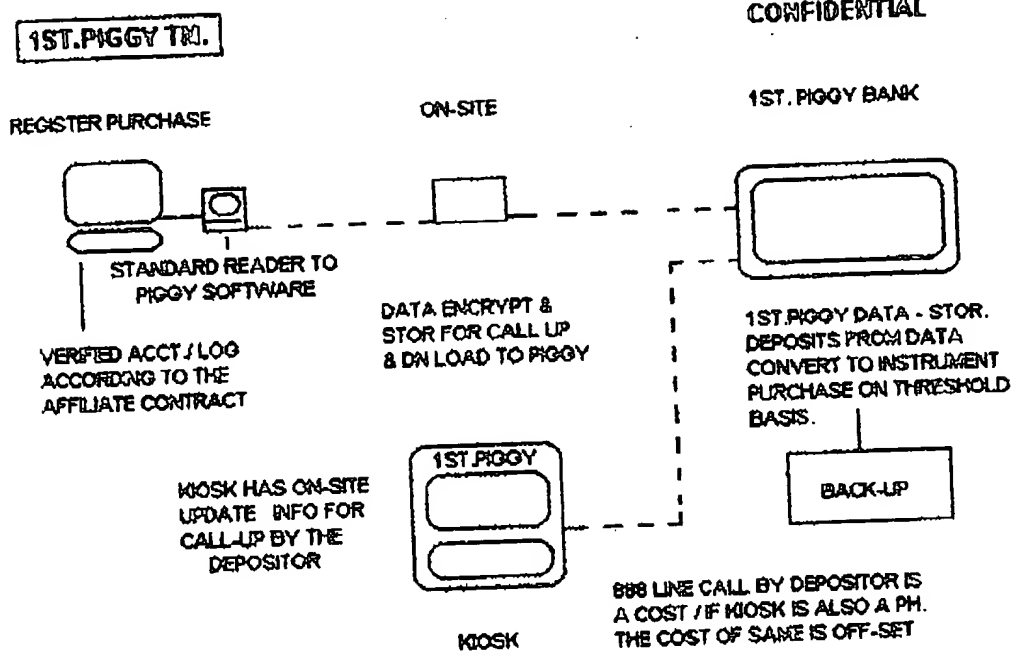
**DEMOGRAPHIC INFORMATION:**

A by-product of the savings program will be valuable information. All transactions will provide statistical information for use by 1ST.Piggy and affiliates. Knowing what sells to whom, can be a reliable planning tool for companies.

**GROWTH:**

Time is on our side. From tots to teens 1ST.Piggy can be there to assist it's depositors with an integrated resource for financial education, planning and success.

1211 S. RAMONA AVE. INDIALANTIC, FL. 32903 PH. 407.966.1000



THE 1ST.PIGGY KIOSK CAN BE A PRODUCT AND INFORMATION STATION AS WELL AS A PUBLIC PHONE. THE TOUCH-SCREEN ENVIRONMENT ALLOWS EASY USER FRIENDLY ACCESS. 1ST.PIGGY CAN CONTRACT ADVERTISING FROM OTHER AFFILIATES. IN THIS WAY THE DEPOSITOR IS MADE AWARE OF OTHER AFFILIATES WHO HONOR 1ST.PIGGY ACCOUNTS.

FILE:1ST.PIGGYA2

**CONFIDENTIAL**